CIA HISTORICAL REVIEW PROGRAM RELEASE AS SANITIZED

2003

CLASSIFIED .ESSAGE

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TE :	21 MAY 54	8 E C R E T 2 3 3	4 5 6
: MC	DIRECTOR WH (PBS) (1-3)* DC1 (4), D/DC1 (5), DD/P	(L) (6), SA/PC/DC1 (7),	WH (8), A/DD/P/P (9)
		1805Z 21 MAY 54 INFO: SLINC SGUAT DIST: EMBASSY.	PRIORITY PRECEDENCE CITE:

IN CONVERSATION WITH _____ON EVENING 20 MAY HE MADE FOLLOWING OBSERVATIONS WITH RESPECT BREAK RELATIONS NICARAGUA-GUATEMALA AND ARRIVAL ARMS CARGO AT PUERTO BARRIOS:

- A. CONCERNING NICARAGUA'S ACTION VENEZUELAN GOVT

 ADOPTING WAIT AND SEE POLICY BEFORE BECOMING INVOLVED IN CONTRO
 VERSY.
- B. FELT DEVELOPMENT WOULD MOST LIKELY RESULT IN POST-PONEMENT EXCHANGE AMBASSADORS GUAT AND VENEZUELA.
- C. SEES EVENTS GUATEMALA, HONDURAS, NICARAGUA AS INDICATION BOLD INITIATIVE SOVIETS WHILE DEMOCRACIES STAND BY
 DOING NOTHING. PREDICTS PANAMA ALSO IN FOR TROUBLE WITH BANANA
 STRIKE MOST LIKELY.
- D. WITH RESPECT ARMS CARGO HE COMMENTED U.S. MUST TAKE LEAD IN CALLING FOR MEETING OF MINISTERS. SAID VENEZUELAN GOVT WOULD WELCOME SUCH ACTION BUT INITIATIVE MUST COME FROM U.S. AS



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ONLY COUNTRY WHICH CAN SUPPLY NECESSARY LEADERSHIP. HE BELIEVED SIMILAR FEELINGS EXISTS OTHER LATIN AMERICAN COUNTRIES EXCEPT MEXICO, ARGENTINA AND COSTA RICA.

E. SAID GUAT ARGUMENT IT HAD TO BUY ARMS WHERE IT COULD, NOT SATISFACTORY EXPLANATION SATELLITE ORIGIN ARMS PURCHASED SINCE OTHER SOURCES SPECIFICALLY BELGIUM WERE OPEN TO THEM.

END OF MESSAGE.

CABLE SECRETARIAT COMMENT: TREATED AS RYBAT/PBSUCCESS.